



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 8  
999 18<sup>TH</sup> STREET - SUITE 300  
DENVER, CO 80202-2466  
<http://www.epa.gov/region08>

DOCKET NO.: SDWA-08-2003-0034

IN THE MATTER OF:

INLAND PRODUCTION COMPANY

Respondent

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)

**FINAL ORDER**

Pursuant to 40 C.F.R. § 22.18, of EPA's Consolidated Rules of Practice, the Consent Agreement resolving this matter is hereby approved and incorporated by reference into this Final Order. The Respondents are hereby ORDERED to comply with all of the terms of the Consent Agreement, effective immediately upon receipt by Respondents of this Consent Agreement and Final Order.

May 12, 2004  
DATE

SIGNED  
Alfred C. Smith  
Regional Judicial Officer



UNITED STATES  
ENVIRONMENTAL PROTECTION AGENCY  
REGION 8

Docket No.: SDWA-08-2003-0034

In the Matter of:	)	
	)	
Inland Production Company	)	<b>CONSENT AGREEMENT</b>
	)	
<b>Respondent.</b>	)	

Complainant, United States Environmental Protection Agency, Region 8 (EPA), and Respondent Inland Production Company (Inland), by their undersigned representatives, hereby consent and agree as follows.

BACKGROUND

1. EPA issued to Inland a Proposed Administrative Order and Opportunity to Request a Hearing (PAO) filed on June 11, 2003, alleging certain violations of Part C of the Safe Drinking Water Act (SDWA), 42 U.S.C. § 300h, et seq., relating to underground injection controls (UIC).
2. The PAO alleged that Inland violated the SDWA by (a) exceeding the maximum allowable injection pressure at twelve wells and (b) failing to timely conduct a mechanical integrity test at three wells. The wells are located inside

the exterior boundaries of the Uintah and Ouray Indian Reservation, Duchesne County, Utah.

3. In response to the PAO, Inland met informally with EPA and submitted new and additional information for EPA to consider regarding the basis of its allegations. Such information included daily maximum injection pressure values, mechanical integrity testing, information regarding the alleged violations and information concerning situations where the allowed injection pressure had been exceeded but were not listed in the PAO.
4. EPA considered Inland's information, conducted further investigation and, with Inland's consent issued a First Amended Proposed Administrative Order and Opportunity to Request a Hearing (First Amended PAO) filed on November 10, 2003. The First Amended PAO included twelve wells (not necessarily the same twelve as in the PAO) at which violations of maximum allowable injection pressure was alleged and two wells at which mechanical integrity testing violations were alleged.
5. To resolve this matter, the parties agree to a settlement requiring the expenditure by Inland of a payment in the amount of \$7,500.00 (seven thousand, five hundred dollars). EPA finds this penalty amount is appropriate, taking into consideration the statutory factors in Section 1423(c)(4)(B) of the SDWA; the UIC Penalty Policy; Inland's agreement to perform a Supplemental Environmental Project (SEP) and other relevant factors.
6. For the purposes of this Consent Agreement only, Inland

admits that EPA has the jurisdictional authority to issue the First Amended PAO and settle this case pursuant to this Consent Agreement, but does not confirm nor deny the remaining allegations, including the findings and alleged violations.

7. This Consent Agreement applies to and is binding upon EPA and upon Inland and Inland's successors and assigns. Any change in ownership or corporate status of Inland including, but not limited to, any transfer of assets of real or personal property shall not alter Inland's responsibilities under this agreement.
8. Inland waives its right to contest any issue of law or fact set forth in the First Amended PAO and knowingly agrees to waive its right to a hearing on this matter under section 1423(c)(3)(a) of the SDWA, 42 U.S.C. 300h-2(c)(3)(a), and to appeal this matter under SDWA section 1423(c)(6), 42 U.S.C. 300h-2(c)(6).

#### TERMS OF SETTLEMENT

##### Civil Penalty

9. Inland consents to the issuance of the Consent Agreement and for the purposes of settlement to the payment of the above-cited civil penalty and to the performance of the SEP more fully described below in paragraph 14, below.
10. Inland shall, not more than 30 (thirty) calendar days after the date of the signed Final Order in this matter, submit a cashier's or certified check in the amount of amount of

\$7,500.00 (seven thousand, five hundred dollars), payable to  
"Treasurer, United States of America" to:

EPA - Region 8  
Regional Hearing Clerk  
Post Office Box 360859  
Pittsburgh, Pennsylvania 15251.

11. A copy of the check identified in paragraph 10 shall be  
simultaneously mailed to the following addresses:

Tina Artemis, Regional Hearing Clerk  
U.S. EPA, Region 8 (8RC)  
999 18th Street, Suite 300  
Denver, Colorado 80202-2466

Jim Eppers, Senior Enforcement Attorney  
U.S. EPA, Region 8 (8ENF-L)  
999 18th Street, Suite 300  
Denver, Colorado 80202-2466.

12. Inland further agrees and consents that if Inland fails to  
pay the penalty in accordance with the terms of paragraph  
10, the amount of \$15,141.00 (fifteen thousand, one hundred  
forty-one dollars) less any payments made, if any, shall be  
due and owing. Interest on this amount shall accrue at the  
rate established by the Secretary of the Treasury pursuant  
to 31 U.S.C. §3717. A late payment charge of twenty dollars  
(\$20.00) shall be imposed after the first 30 calendar days  
that the payment, or any portion thereof, is overdue, with  
an additional charge of fifteen dollars (\$15.00) imposed for  
each subsequent 30-day period until the payment due is made.

13. The penalty specified in paragraph 10 above shall represent civil penalties assessed by EPA and shall not be deductible for purposes of Federal taxes.

#### Supplemental Environmental Project

14. SEP Description

Inland shall undertake the performance of the SEP described in Exhibit A (hereby referenced and incorporated herein as Exhibit A), which the parties agree is intended to provide environmental benefit to the area in the vicinity of where the violations alleged by EPA in the Amended PAO took place. The total expenditure for the SEP shall not be less than \$22,500.00 (twenty-two thousand, five hundred dollars).

15. Inland hereby certifies that, as of the date of this Consent Agreement, Inland is not required to perform or develop the SEP by any federal, state or local law or regulation; nor is Inland required to perform or develop the SEP by agreement, grant or as injunctive relief in this or any other case or in compliance with state or local requirements. Inland further certifies that it has not received, and is not

presently negotiating to receive, credit in any other enforcement action for the SEP.

16. Any public statement, oral or written, made by Inland making reference to the SEP shall include the following language, "This project was undertaken in connection with the settlement of an enforcement action taken by the U.S. Environmental Protection Agency for violations of the SDWA."

17. Inland shall provide to EPA written notification and evidence that it has deposited the SEP expenditure of \$22,500.00 (twenty-two thousand, five hundred dollars) into the escrow account described in Exhibit A. This written notification shall be provided by Inland to EPA within seven calendar days of the deposit.
18. Inland shall submit all notices and reports required by this Consent Agreement by first class mail to:

Nathan Wiser  
U.S. EPA Region 8 (8ENF-UFO)  
999 18<sup>th</sup> Street, Suite 300  
Denver, CO 80202-2466.

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GENERAL PROVISIONS

19. This Consent Agreement contains all the terms of the settlement agreed to by the parties.
20. Nothing in this Consent Agreement shall relieve Inland of the duty to comply with the SDWA and its implementing regulations.
21. Failure by Inland to comply with any of the terms of this Consent Agreement shall constitute a breach of the agreement and may result in referral of the matter to the Department of Justice for enforcement of this agreement and for such other relief as may be appropriate.
22. Nothing in this Consent Agreement shall be construed as a waiver by the EPA of its authority to seek costs or any appropriate penalty associated with any collection action

instituted as a result of Inland's failure to perform pursuant to the terms of this Agreement.

23. The undersigned representative of Inland certifies that he or she is fully authorized to enter into the terms and conditions of this Consent Agreement and to bind Inland to those terms and conditions.
24. Each party shall bear its own costs and attorneys fees in connection with this matter.
25. The parties agree to submit this Consent Agreement to the Regional Judicial Officer, with a request that it be incorporated into a Final Order.
26. This Consent Agreement, upon incorporation into a Final Order by the Regional Judicial Officer and full satisfaction by the parties, shall be a complete and full civil settlement of the specific violations alleged in the PAO, the First Amended PAO, and Inland's Response to Allegations to the First Amended PAO (specifically responding to paragraphs 55, 56, 64 and 65 of the First Amended PAO).



**Inland Production Company**

Date: \_\_\_\_\_ By: **SIGNED**\_\_\_\_\_

**U.S. ENVIRONMENTAL PROTECTION AGENCY  
REGION 8**

Date: **5/6/04** By: **SIGNED**\_\_\_\_\_

Carol Rushin  
Assistant Regional Administrator  
Office of Enforcement, Compliance  
and Environmental Justice

Exhibit A to Consent Agreement between  
EPA and Inland Production Company (Inland)  
Docket No. SDWA-08-2003-0034

#### Supplemental Environmental Project (SEP) Description

Inland shall, within 30 (thirty) calendar days of receiving a signed Final Order in this matter, remit a cashier's or certified check in the amount of \$22,500.00 (twenty two thousand five hundred dollars), payable to the Wells Fargo Bank West, National Association (Bank), for deposit into the U.S. Environmental Protection Agency, Region VIII/The Ute Indian Tribe Escrow, account no. 12190500, established by EPA and the Tribe to clean-up and permanently close the Chapoose Commercial Oil Disposal Facility (Chapoose Facility), located on tribal trust land within the exterior boundaries of the Uintah and Ouray Indian Reservation, Duchesne County, Utah, in January 2002.

Inland may remit the funds to the Bank by electronic wire transfer pursuant to wiring instructions provided by the Bank. Escrowed funds may be released by the Bank, in its capacity as escrow agent pursuant to the escrow instructions, to the Tribe for approved clean-up and/or closure tasks pertaining to the Chapoose Facility cleanup project. The funds shall be released on a quarterly basis following a) receipt of written request from the Tribe for the release of a specific dollar amount of funds for use on the Chapoose Facility cleanup project; and b) receipt of a copy of a letter from EPA or the Bureau of Indian Affairs (BIA) or both to the Tribe, agreeing that said funds are necessary and meet the release provisions set forth in the memorandum of agreement between the Tribe, EPA and BIA.

For purposes of this SEP and the escrow account referenced herein, the appropriate Bank contact and address is as follows:

JoAnn Williams, Escrow Agent  
Corporate Trust and Escrow Services  
Wells Fargo Bank West, National Association  
1740 Broadway, MAC C7301-024  
Denver, CO 80274  
Telephone: (303) 863-6261  
Facsimile: (303) 863-5645

EPA contractor Tetra Tech EM, Inc., is responsible for organizing and overseeing the Chapoose Facility clean-up and closure.

The amount of \$22,500.00 provided by Inland pursuant to this Consent Agreement will be used in a particular phase of the clean-up called "Management of Waste Oil in Pits. This phase of the project entails the removal, transportation and disposal of waste oil from the Chapoose facility. It is anticipated that this phase will be completed by the end of the Summer, 2004. Inland's funds will be expended on 4,500 barrels of waste oil removed, transported and disposed of based on a per barrel cost of \$5.00. Following removal, transportation and proper disposal of the 4,500 barrels of waste oil, EPA shall notify Inland in writing and deem Inland's SEP obligation to have been wholly satisfied.

If, for any reason, the "Management of Waste Oil in Pits" phase of the overall project is completed without removing, transporting and disposing of all 4,500 barrels of waste oil, the remainder of Inland's SEP funds shall be dedicated to another phase or phases of the cleanup project with no continuing liability. In this event, EPA will notify Inland in writing of the project's status and deem Inland's SEP obligation to have been wholly satisfied.

Inland does not assume any liability for the overall Chapoose Facility clean-up or closure by agreeing to participate in this SEP.

## **CERTIFICATE OF SERVICE**

The undersigned certifies that the original of the attached **CONSENT AGREEMENT/FINAL ORDER** in the matter of **INLAND PRODUCTION CO., DOCKET NO.: SDWA-08-2003-0034** was filed with the Regional Hearing Clerk on May 12, 2004.

Further, the undersigned certifies that a true and correct copy of the document was delivered to James Eppers, Enforcement Attorney, U.S. EPA - Region 8, 999 18th Street - Suite 300, CO 80202-2466. True and correct copies of the aforementioned document was placed in the United States mail certified/return receipt on May 12, 2004, to:

Gary E. Parish, Esq.  
Counsel for Respondent  
700 17<sup>th</sup> Street, Suite 2200  
Denver, CO 80202

and hand-carried to:

Honorable Alfred C. Smith  
Regional Judicial Officer (8RC)  
U. S. Environmental Protection Agency  
999 18<sup>th</sup> Street, Suite 300  
Denver, CO 80202-2466

May 12, 2004

**SIGNED**

\_\_\_\_\_  
Tina Artemis  
Regional Hearing Clerk

**THIS DOCUMENT WAS FILED IN THE REGIONAL HEARING CLERK'S OFFICE  
ON MAY 12, 2004.**